

**MINUTES OF MEETING OF BOARD OF TRUSTEES OF THE
CITY OF NEWPORT NEWS EMPLOYEES' RETIREMENT FUND**

October 30, 2014

City Council's Conference Room/Tenth Floor

9:00 a.m.

Roll Call: JoAnn Armstrong (X), Bill Eastburn (X), Art Gudikunst (X),
Philip Hatchett (X), Frank James (X), Bobby Lanier (X),
Robert Lee (X), Richard Wuska (X).

Rich Caplan (X), Marty Eubank (), Bill Keeler (X),
Cathy Matthews (X), Tonya O'Connell (X), Tom Mitchell (X).

Others present: Kimberly Jackson, Benefits Manager
Retirees (2)
Rich Elofson, Member of the Investment Committee

1. Call to Order.

Mr. James called the Retirement Board meeting to order at 9:05 a.m. on October 30, 2014 in the City Council's Conference Room, 10th Floor.

2. Minutes of the Meeting of September 25, 2014:

The minutes were amended to reflect Cathy Matthews as not being present, and the minutes were approved as amended.

3. Committee on Investments:

a. Assets as of September 30, 2014:

Pension	\$826,625,990
Post Retirement	<u>25,567,051</u>
Total	<u>\$852,193,041</u>

b. Private Equity Managers

Closed Session to discuss the performance of one or more NNERF asset managers

A motion was made by the Chairman of the Newport News Employees' Retirement Fund, which was duly seconded and unanimously approved, that pursuant to Section 2.2-3711A of the Code of Virginia, 1950, as amended, subsection (29), that the Retirement Board hold a Closed Meeting on the subject of the City Attorney contracting with an outside law firm for specialized work for the Fund, for the purpose of discussing prospective firms. The closed meeting is authorized under:

Subsection (29) discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or

scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

After coming back into open session, the Chairman of the Newport News Employees' Retirement Fund moved, which was duly seconded and unanimously approved, that the members of the Retirement Board certify that, to the best of each member's knowledge (1) only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act were discussed during the closed meeting held immediately prior to reconvening in this open meeting, and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the aforementioned closed meeting of the Retirement Board.

Approved Upon motion duly made and seconded, the Board unanimously agreed to have the City Attorney's Office engage Kaufman and Canoles for certain legal services related to the review of contracts with the private equity fund managers, and to provide a report to the Board as soon as possible.

Mr. Hatchett reported to the Board that BlackRock, Landmark Partners, and Portfolio Advisors were all present at the Investment Committee meeting to discuss their firm, their portfolio strategy, their investment process and to answer questions. After the presentations, conversation with Mr. Dahab and further discussion and deliberation, the Committee voted to recommend to the Board that BlackRock, Landmark Partners and Portfolio Advisors be hired as private equity managers.

Approved Upon motion duly made and seconded, the Board unanimously agreed to engage Blackrock, Landmark and Portfolio as private equity managers, contingent upon the negotiation of contracts acceptable to the City.

c. Actuary Report

Stephen McElhaney of Cheiron Associates, the City's actuary firm, will present the actuarial report for the year ended June 30, 2014. He will also be prepared to report on the impact to the Plan if the COLA formula were to be adjusted.

4. Committee on Administration:

a. Recent Supreme Court Ruling

Mr. Hatchett reported that, since Virginia now recognizes same sex marriages, the Fund is required to comply by recognizing same sex spouses and providing them equal rights as spouses under the Plan provisions.

b. Laptops for Members

The Committee is still working to provide laptops or tablets to the Members for 2015.

c. Elections

The Committee on Administration will oversee the elections process for the General and Public Utilities' Representatives.

5. Disability Review Committee:

Mrs. Armstrong reported that the Committee will meet on Tuesday, November 4th.

6. Benefits & Welfare Committee:

No report.

7. Old Business:

a. Revised Ordinances – Overpayment and Purchase of Service

Mr. Mitchell reported that Council approved the amendment to City Codes Sections 31-74 (d) giving the Retirement Board the authority to recommend to the City Manager the waiver of overpayments paid to recipients, if overpayments were through no fault of the recipient and it would be difficult for them to be aware of the overpayment. Also, Council approved amendment to section 31-41 allowing the purchase of prior service time, for time served at the Peninsula Tourism Bureau.

b. Final Determination in Case #506011

Applicant's Disability Retirement or Partial Disability Benefits:

Closed Session to discuss an applicant's disability retirement and partial disability benefits

A motion was made by the Chairman of the Newport News Employees' Retirement Fund, which was duly seconded and unanimously approved, that pursuant to Section 2.2-3711A. of the Code of Virginia, 1950, as amended, subsections (4), (7), and (15), that the Retirement Board hold a Closed Meeting for the purpose of discussing applicants for disability retirement and partial disability benefits. The closed meeting is authorized under:

Subsection (4) for the protection of the privacy of individuals in personal matters not related to public business.

Subsection (7) consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel.

Subsection (15) discussion or consideration of medical and mental health records excluded from disclosure pursuant to Section 2.2-3705.5(1).

After returning to open session, the Chairman of the Newport News Employees' Retirement Fund moved, which was duly seconded and unanimously approved, that the members of the Retirement Board certify that to the best of each member's knowledge (1) only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act were discussed during the closed meeting held immediately prior to reconvening in this open meeting, and (2) only such public business matters as were identified

in the motion by which the closed meeting was convened were heard, discussed or considered in the aforementioned closed meeting of the Retirement Board.

Approved Upon motion duly made and seconded, the Board unanimously agreed to accept February 2014 as the event date and the basis for determining the amount of the overpayment to the recipient in Case #506011 , and requested staff to proceed with the collection of the overpaid amounts over a reasonable period of time.

c. Elections

a. General Employees' Representative

Mr. Mitchell reported on the election of a General Employees' representative to replace Kimberly Powell, and that the ballots would be distributed on October 30th, are due back by November 18th and that the Committee on Administration will oversee the counting process on November 18th at 8:00 a.m.

b. Public Utilities' Representative

Mr. Mitchell reminded the Board that the Public Utilities' representative's term will expire in 2014 and an election will be held prior to December 31st.

8. New Business:

a. Health Insurance - Update

Open Enrollment for retirees will be held November 1-30 for those members who had elected coverage at retirement. Mr. Mitchell reported an increase in retirees' premiums, (up about 10%) and an increase in participation for the Luminous Plan.

b. Determination Letter - IRS

Mr. Mitchell reported that the Plan's "determination letter" had been received from the IRS indicating that the Plan is a "qualified plan" by the Internal Revenue Services.

c. Terms - Retirement Board/Investment Committee

Mr. Mitchell reported to the Board that everyone on the Committee on Administration had agreed to continue to serve on the committee and other reappointed and re-elected terms are being reviewed.

d. Retiree's Comment

Retiree thanked Mrs. O'Connell for attending the monthly breakfast and for answering their questions.

e. Excused Absence from Board Meeting

Mr. Eubank asked to be excused due to a prior commitment.

f. Next Meeting

November Board meeting will be **Thursday, November 20, 2014.**

9. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 11:15 a.m.

A true copy, attest:



Tom Mitchell, Secretary
Board of Trustees